

NATIONAL TAXPAYER ADVOCATE RELEASES ANNUAL REPORT TO CONGRESS

WASHINGTON -- Complexity of the tax law continues to be the number one problem facing individual and small business taxpayers, according to the new National Taxpayer Advocate's Annual Report to Congress.

"This report shares our vision of what remains to be done to provide top quality service to America's taxpayers," said Henry Lamar, the Acting National Taxpayer Advocate.

The report, which is required by law, details actions taken by the Taxpayer Advocate Service organization to resolve taxpayer problems and identify areas of tax law that impose significant compliance burdens. The report contains a list of the 20 most serious problems encountered by taxpayers from the point of view of individuals, practitioners, and the Internal Revenue Service. Topping the list in this year's report:

1. Complexity of Individual Tax Law
2. Complexity of Business Tax Law
3. Clarity and Tone of IRS Correspondence
4. Inability to Access Toll-Free Number
5. Burden on Small Businesses
6. Administration of Earned Income Tax Credit
7. Lack of One-Stop Service
8. Lack of Acknowledgement of Correspondence and Payments
9. Penalty Administration
10. Processing issues with the Offers in Compromise Program

The National Taxpayer Advocate also reports on the 10 most litigated tax issues during the past fiscal year. During fiscal year 2000, filing status issues, independent contractor vs. employer issues, and penalty issues led the top 10 list.

(more)

Legislative recommendations for changes to the tax law are also contained in the report each year. Changes to the tax credit for the elderly and disabled, military death benefits, and retirement plan rules, were among the new recommendations submitted in this year's report. Numerous priority recommendations from previous years have been resubmitted, including issues such as Earned Income Tax Credit, Alternative Minimum Tax, penalties and interest, and expansion of authorities for the IRS to correct errors, among a few.

The Taxpayer Advocate Service resolved more than 250,000 cases last year while undergoing an extensive reorganization, which was part of IRS modernization.

"The completion of the Taxpayer Advocate Service modernization is the beginning of an organization that is better able to carry out its mission to help taxpayers resolve problems with the IRS and recommend changes to prevent the problems in the future," Lamar said.

The report was delivered to Congress this week. To review the report in its entirety, visit the Taxpayer Advocate Service on the IRS Web site at www.irs.gov. Single copies may be obtained after January 10, 2001 by calling 1-800-829-3676 and asking for Publication 2104.

The Taxpayer Advocate Service helps individuals solve ongoing tax problems with the IRS and recommends changes to prevent problems from happening in the future.

Here are some examples of how you may qualify for the assistance or an independent review of your case by the Taxpayer Advocate:

- You are suffering or about to suffer a significant hardship.
- You are facing an immediate threat of adverse action or
- You have experienced a delay of more than 30 calendar days to resolve a tax account problem

Call toll free, 1-877-777-4778, to request the assistance of a Taxpayer Advocate.

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